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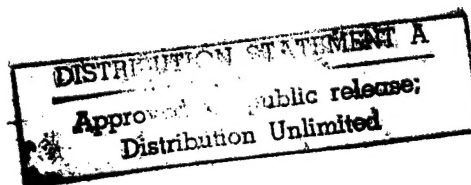
# ***JPRS Report***

## ***Supplement***

# **East Europe**

## ***Platform of the Democratic Convention of Romania***

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**East Europe**  
**Platform of the Democratic Convention of Romania**

*JPRS-EER-92-131-S*

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## Platform of Democratic Convention of Romania

92BA1354A Bucharest ROMANIA LIBERA in Romanian  
18 Aug 92 pp 4-6

[Unattributed article: "Platform of the Democratic Convention of Romania, to End the Country's Crisis Through Law, Truth, Reconciliation, and Reform"]

[Text] The Democratic Convention of Romania represents an alliance of parties and organizations dedicated to democracy and seeking to profoundly change Romania by building a state of law in which the legislative, executive, and judicial powers are separated, mutual control is guaranteed, and a market economy exists which is sensitive to social and ecological values and is open to international markets and finance. The essential objective is to achieve total dissociation from communism by liberating people's minds and changing their mentalities, by rebuilding a state of law, stimulating the economy, and guaranteeing social security, by reunifying our national territory, and by reintegrating Romania into European affairs.

It is necessary that we return to the sense of responsibility, tolerance, and enlightened patriotism, traditions on which the modern Romanian state is based.

First and foremost, the Romanian people will have to learn the full truth about what took place during the 1944-89 period, about the communist dictatorship that ripped the social fabric, carried out mass indoctrination, brought about forced industrialization, brutally collectivized agriculture and caused the disintegration of the natural environment, persecuted the Church, systematically trampled human rights, doomed almost the entire population to suffering, and dragged a significant portion of that population through the hell of prisons and forced labor camps.

Although the collapse of the communist dictatorship was paid with the lives of more than 1,000 Romanians (900 of them fallen after 22 December 1989), it was not succeeded by the climate of honesty and reconciliation sought by the vast majority of the national community.

Changes in the inherited situation have been constantly blocked by powerful tendencies to retain or revive the old structures. These tendencies have used the full psychological arsenal of, and all available expertise in, manipulation and diversion, and disinformation through the press, television, rumor, and slander, in order to cause disunity among social, ethnic, and professional groups.

Romania's present profound crisis is defined by: a moral crisis, a crisis of authority and credibility, and an economic and social crisis.

Regarding state institutions and the issue of separation of powers, the Democratic Convention believes that the role of a head of state is to moderate and stabilize, that Parliament must play a greater role—as an authentic expression of representative democracy, and that the government must define the major directions of state policy and effectively manage the state's affairs. Regarding the form of government, the Democratic Convention considers that this matter cannot be resolved except by a referendum conducted exclusively on this subject and preceded by correct and objective information.

The conduct and results of the next parliamentary election will determine Romania's fate for longer than four years, given that the term of the next legislature will coincide with the fundamental reestablishment of political, economic, and security relations throughout the European continent.

## CHAPTER I: THE MORAL RECONSTRUCTION OF SOCIETY

In addition to hunger, darkness, repression, and terror, the Romanian people have been exposed to the devastating effects of an absence of truth and morality for 45 years.

The "new man" has been characterized by a loss of faith in God and by immorality in his dealings with his neighbors. After the dictatorship was eliminated, the ensuing disinformation and the goading of various social, professional, or ethnic groups against others, has led to bursts of violence and savagery that have compromised Romania's image abroad even more so than the last years of the communist dictatorship.

The population's despair has become a matter of grave concern. It is the result of a general decline in the standard of living, of insecurity about the future, and of mistrust in the actions of the legislature and the government. Consequently, spirits have sunk to surprisingly low levels compared to the enthusiasm everyone felt after December 1989.

The loss of confidence and hope has escalated the emigration of tens of thousands of Romanians, and especially of young people, with incalculable effects on the economic, social, and cultural future of the nation. At the same time, uncontrolled immigration is emerging as a new phenomenon in Romania.

In addition to economic and social reorganization and reorientation, the Democratic Convention is particularly in favor of:

- Moral resurrection of the nation by a return to the fundamental values of liberty, law, solidarity, and faith;
- Advocating love for one's neighbor, a spirit of tolerance, and respect for human dignity;
- Eliminating from social life corruption, fraud, speculation, unfair competition, abuse of power, physical and verbal violence, and the practice of slandering and discrediting political adversaries;
- Defusing any social, religious, or ethnic conflict through dialogue;
- Agreement between words and deeds, promises and their implementation, programs and political practice.

All of these are necessary because it is difficult to build new institutions in their absence, when truth, trust, and loyalty are either lacking or impaired.

Only people of high moral and political standing can assure effective leadership and garner the population's support. When the moral legitimacy of the government is in doubt, real institutional changes are easily brought to a standstill under the pressure of social factors.

## 1. CIVIL SOCIETY

The only guarantee of democratization is the broad and rapid development of the civil society, which combines all

the forms of social life independently of the government and of central and local administrations.

It should not be forgotten that the destruction of civil society has led to dictatorship and impoverishment.

Civil society means the exercise of individual and collective freedom, unfettered exercise of the rights of man, democratic conduct of public life, encouragement of private property, and a faster privatization of state property, all of which are elements necessary to assure a profitable economy, and the prosperity of each citizen and each family.

The Democratic Convention advocates an improved constitution in the sense of fully consecrating all the guarantees granted to private property. Owners will exercise all rights, without restrictions over the use and disposal of their property. The size and extent of the property will create obligations proportional to its magnitude. The free use of property must at the same time encourage the general welfare.

State property will be privatized without social violence, in a manner that is orderly and beneficial to all citizens, and respecting national interests.

The role of the state will be limited to the exercise of its administrative, diplomatic, and military functions, and to the assurance of social assistance and protection.

The state must not be compelled to assure a living for its citizens by itself and in any manner. It has the duty to offer the necessary protection and conditions to enable citizens to create a dignified existence for themselves, according to the value of the work they perform.

The Democratic Convention will encourage the autonomy of economic factors regardless of the nature of the property; it will stimulate local autonomy, the life of small and medium-sized communities; it will facilitate the return to traditions and customs so that specific local conditions may fully manifest themselves, and so that the economic life of settlements will be natural and prosperous. This requires a new legislative framework, and a new economic, social, and cultural policy. Administrative decentralization, assurance of local budgets, and citizen initiative are levers for rebuilding civilian society.

In all respects, the law is made for man rather than man for the law. That is why the state, politicians, and the administrative institutions must serve the citizen rather than lord over him.

## 2. NATIONAL RECONCILIATION

The impasse in which the country finds itself is based on a crisis of confidence both in relations among people and in relations between the people and the state, which has been the author of crimes, abuses, and injustice. In order to move beyond this crisis and the social tension it generates, it is necessary to establish clear legal and moral criteria designed to eliminate confusion, to differentiate those who are directly responsible for the disaster of the past 45 years, from those whose apparent guilt has been ambiguously overlaid with suffering.

Starting with the need to adopt this solution in the spirit of justice and of tolerance and Christian mercy, the Democratic Convention supports the following:

- Rejection of any form of censure or condemnation of the millions of members of the former communist party, including those who have occupied unpaid party functions, who have not derived illegal benefits from their position as party members, and who are called upon to contribute to the extent of their full training and capabilities to Romania's political, economic, and moral reconstruction. The Democratic Convention believes that any attempt to discriminate against them or to merge them with the truly guilty, is a diversion on the part of those who seek to create confusion and delay the final installation of a democracy based on reconciliation in Romania;
- Considering the former paid activists of the communist party and the personnel of the former Securitate as devoid of moral standing for the next two legislative sessions of the Romanian Parliament. In the absence of provisions in the electoral law, we appeal to the judgment of people of good faith, who will know how to identify them and will not give them a vote of confidence;
- Temporarily denying access to public functions to those who have committed well established serious abuses during the communist dictatorship;
- Bringing to justice, with strict respect for legal provisions, those who since 6 March 1945, have introduced the communist dictatorship in Romania, and have initiated and conducted major terrorist actions against the nation's biological and spiritual existence. These persons are the presumed authors of crimes against humanity. Their trials will help bring to light the truth hidden for decade after decade, and will help show the young generation the difference between good and evil.

## 3. CULTURE

Against the general background of the economic difficulties that followed December 1989, the indifference and vindictive spirit of the government have thrown Romanian culture into a material crisis that threatens its chances for survival and compromises the image of free cultural activities.

In order to save and support our culture, the Democratic Convention favors:

- Granting state support to all forms of cultural creation and dissemination: magazines, publishing houses, theaters, orchestras, art studios and exhibits, as well as recording, film, and television productions;
- Passing a law for cultural subsidies;
- Legally protection of authorship rights;
- Discouraging the consumer culture, poor taste, moral corruption, kitsch and pornography in books, news publications, the plastic arts, and film;
- Recognizing and protecting by law the public service nature of Romanian Radiotelevision, and strictly respecting the independence of this institution against any governmental or administrative pressures.



All aspects of the heritage, culture, arts, and press of national minorities will be placed at the same level of interest and support as the Romanian heritage, culture, arts, and press.

#### 4. THE CHURCH

As a fundamental institution for affirming the identity of the nation and for protecting its spiritual forms and values, the Church finds its dignity and authority in its own moral clarity and its pacifying influence on public life.

Coming to the defense of the victims of injustice and persecution, and as carrier of the message of tolerance and Christian mercy, the Church can become a major element in the process of national reconciliation, and in attenuating social, professional, and ethnic conflicts.

The bearers of Christ's message are not called upon to effectively become involved in politics, but to keep watch over the political actions of the time in order to correct distortions and errors.

In order for the young generations to have access to the values and traditions of Christian life, religious education in school will be supported. Ostentatious pageantry that undermines the prestige of religious practice and institutions will be discouraged.

Support for the knowledge of religious culture and art, which are indivisible parts of the national spirituality, culture, and art, will be encouraged.

#### 5. EDUCATION

The goal of education is to assure that all children and young people in the country have a completely equal chance at developing their personal qualities and aptitudes through access to basic general information, as well as to the specific knowledge needed for integration into socioprofessional life.

All school levels must encourage and develop all the formative aspects of education—religious and moral education, sense of values, respect for the national and mankind's cultural and scientific heritage, love of country, and respect for other nations.

Among the means that can contribute to the reconstruction of Romanian education, the Democratic Convention will assure first of all:

- The adoption of an appropriate law for the best organization and operation of both state and private education;
- The allocation of financial support for educational development consistent with its essential importance to restructuring and to the prospects for a the new Romanian society, and for salary levels consistent with a decent standard of living for teaching personnel;
- Free public education at all grades and the promotion of modern instruction strategies, techniques, and methods;
- The adoption of legislation designed to encourage educational support from economic entities;
- The right to any type of private education organized on a private economic basis;

—A system of competitions for scholarships in Romania and abroad;

—Respect for the autonomy of educational communities, economic and social protection for these communities, and adoption of a statute consistent with their social role in a modern society.

#### 6. WOMEN AND THE FAMILY

The need for a special program for the condition of women results from the cumulative effects of the communist period and of the transition. Action must be taken in two directions without delay: support of the family and of women as mothers, and social protection of women in professional life.

The inalienable right to the joys motherhood must be protected by the whole society.

Urgent measures, such as the following, will be taken to protect the family as such, and to avoid the demographic disaster that is emerging in which only 25 percent of the conceived children reach birth, thus endangering the continued existence of our nation:

- Improved medical and social assistance for mothers and children;
- Fully paid maternity leave for 12 months and assured material resources for the personal care of children until they reach school age, without any economic, professional, or social prejudice for their mothers;
- Social allocations for all handicapped children, as well as professional and social protection for these children and their mothers;
- Tax reductions and payments to poor families with several children;
- Creation of a national network of family planning offices, so that women can make decisions with complete freedom and without operations that would traumatize their pregnancy.

#### 7. YOUNG PEOPLE, HOPE OF THE FUTURE

Romania's young people are courageous, enthusiastic, and altruistic, as was demonstrated in December 1989. Instead of recognizing its virtues, this youth was the victim of many injustices and persecutions, culminating with those of June 1990.

Convinced that the future of the country is in the hands of its youth, that the young people are the age category most seriously affected by the country's present economic situation, and that they must be helped to adapt to a type of society that they have never known, the Democratic Convention proposes a "National Urgency Youth Program," which among other things will include:

- Guaranteed employment for young people during the first year following graduation by financing their salaries from the state budget and by encouraging economic entities to hire young people;
- Devoting special attention to talented young people both during their studies and during their active professional training;

- Counselling within the educational system for selecting vocational training;
- Devoting special attention to unqualified young people and transforming atypical activities into typical ones, as well as rehiring those who have lost their jobs;
- Granting long-term state credit for: continuing education and obtaining advanced degrees; building homes; setting up a household; buying furniture or other basic household goods; and for starting independent and associative economic activities;
- Granting reductions in transportation, cultural, touristic, and sports expenses;
- Granting priority to young people or young families in renting housing built with state funds;
- Improving the living conditions of diligent young people, granting scholarships for studies and professionalization in Romania and abroad;
- Social and professional advancement of young people, relying exclusively on the criterion of merit;
- Promoting ways of spending free time, supporting cultural and sports activities.

## 8. SPORTS, TOURISM, AND RECREATION

In contemporary life, sports become a necessity, an indispensable factor for remaining healthy at any age, and for extending people's active lives.

The Democratic Convention will initiate a "Program to Support School, Mass, and Competitive Sports Activities," whose major features will be:

- Gradual improvement in school sports facilities (exercise and games halls, swimming pools, playing fields, sports equipment);
- Assigning priority to the inclusion of athletics in school sports programs;
- Training every student in a sport and organizing outdoors extracurricular activities;
- Organizing different activities for different age categories for practicing various sports (hikes, cross-country running, marches, winter competitions, and so on);
- Formulating regulations to achieve professional status for sports capable of self-financing;
- Formulating a long-term program to develop Olympic sports and appropriate financial means to support them.

## CHAPTER II: THE RECONSTRUCTION AND CONSOLIDATION OF STATE OF LAW INSTITUTIONS

The Democratic Convention of Romania starts with the premise of a real reconstruction and rapid consolidation of the state of law institutions.

Romania must become a state of law in which political, economic, and social life will be conducted in a constitutional and institutional framework based on the principle of the separation of state powers. Romania must be a state in which all citizens must be assured equal opportunities

independently of sex, race, nationality, religion, level of education, material standing, belief, or political or social affiliation.

## 1. SEPARATION OF STATE POWERS

The Democratic Convention stands firmly for the separation of state powers and their mutual control. Only a constitutional system in which the separation of powers is expressly stated and appropriately guaranteed, can assure an authentic democracy and proper administration of personal freedoms and rights.

Legislative power must be exercised exclusively by Parliament. The Parliament (bicameral type) must have an established majority and result from free and correct elections, through the participation of all legally constituted parties and organizations.

Through the Constitutional Court, the judicial system will control the constitutionality of laws passed by Parliament.

Executive power must be exercised exclusively by the government. The government directs all the country's policy in all areas without any right of interference on the part of the chief of state. Parliament controls the activity of the government, which it can terminate by a vote of nonconfidence.

The judicial system must protect the citizens against abuses either by the law and by the authorities, and impartially defend personal freedoms and rights.

Legal action will be carried out only within the framework of courts of justice.

Prosecutors will not be able to operate outside the judicial system, and will not have the right to control the courts. In judicial trials, the position of the prosecutor must be equal to that of the other parties.

Judges will be protected against removal, and prosecutors will be guaranteed stability.

## 2. THE ARMY

By tradition and intent, the Army is the defender of the country's sovereignty, independence, and territorial integrity. It cannot be involved in actions with any other purposes.

The Army must belong to the country. It must be constituted and organized along professional principles, as an elite institution. The Army must enjoy a high social standing, and must be totally depoliticized and politically neutral.

The Democratic Convention believes that a new law for national defense must be formulated and that military regulations must be revised so that they will not violate constitutional provisions and rights.

## 3. PUBLIC ORDER AND STATE SECURITY

The police, the gendarmerie, and state security organs must act only within the limits of the law, of their specific functions and organizations, and with the human respect toward the people. Like the Army, they must be depoliticized and must remain politically neutral. Command positions for these institutions, including those at intermediate hierarchic levels, will be filled with persons who have pursued university legal studies, so that their training and

the exercise of their functions will be in strict accordance with legal provisions and regulations.

The police must be formed as an armed body without military structure. Its local organs must be under the management of the local Public Administration. The judiciary police must be managed by judges and must efficiently become involved in stopping the infractions, violence, and corruption that have reached alarming proportions.

The gendarmerie will conduct its activities as a force with military standing.

The state's security organs will not conduct penal proceedings, but only investigative actions under the prosecutor's control. Only in the case of blatant infractions will they be able to detain perpetrators for 24 hours, as well as search residences and offices.

The surveillance and investigation of persons who are suspect from a state security standpoint, will be subject to preliminary approval from prosecutors, if they involve restrictions of personal freedom, searches of residences or offices, or monitoring correspondence, telephone conversations, or other means of communication.

#### 4. LOCAL ADMINISTRATION

Local administrations are decentralized and enjoy total autonomy on their own responsibility and for the population's benefit, for the purpose of managing public property and their own budgets, and for establishing and collecting local taxes and fees in accordance with the law.

Local administrations must always be at the service and at the disposal of the population.

The decisions of central and local state administration organs must respect the laws of the country. They are subject to judicial control through the Administrative Disputes office.

- Local collectivities will be consulted in a timely manner during planning and decision making processes, regarding problems that directly concern them. The consultation will be direct, including through the use of local referendums.
- Within legal limits, local collectivities will have the right to cooperate and associate with other collectivities in order to achieve objectives of common interest;
- Local collectivities will have jurisdictional appeal rights to secure their authority and the respect of the local autonomy principle.
- In order to develop and efficiently administer territorial areas consistent with specific traditions, customs, and capabilities, the Democratic Convention supports the reestablishment of Romania's administrative-territorial situation of 1938 for counties (55 counties and a separate administrative unit, the Bucharest Municipality), and that of 1960-66 for communes.

#### CHAPTER III: THE RESTRUCTURING AND STABILIZATION OF THE ECONOMY

Romania's present situation can be overcome only through radical change. First of all, by ending the crisis; and secondly, by significant changes in substance, order to correct and continue the reform.

The Democratic Convention believes that the following can be achieved only by utilizing society's material, financial, and competence resources:

- Steady growth in the nation's wealth, some of which belongs to citizens in the form of private property and some of which belongs to the state;
- Providing a decent standard of living for the entire nation;
- Assuring the exercise and protection of individual and collective liberties, and of social justice, so that by using the instruments of the democratic system, the Romanian nation will participate in civic affairs in an organized manner.

The Democratic Convention proposes a program for restructuring and stabilizing the economy, together with instituting the major elements of the market economy within social and ecological standards, whose implementation will assure a dynamic balance among economic entities.

Through legislative and fiscal means, the economic system will assure a decent existence for the entire population—including those who cannot work, children, the aged, the sick, invalids, and so on—as well as possibilities of suitable and honorable activities for those who are capable of working.

Most importantly, the expenditure of the country's resources to achieve useless and even harmful objectives will be avoided. In particular, every citizen will be offered an opportunity to achieve economic prosperity as a function of skill, talent, and effort, in accordance with the country's laws.

- Private property and free initiative will be guaranteed and protected by law. The use and exchange of the fruits of profiteering will be controlled by law so as to prevent abuses and injury to general, mutual, and individual national and social interests. The law will also limit free initiative excesses in overconcentration of capital and private monopolies.
- Activities to assure a decent existence for all of the country's citizens—food and consumer goods, including housing—will receive priority.
- The entire society will be based on social justice, but the state will not eliminate the risk of competition and of economic failure.
- The economic policy will be elastic and adaptable to practical economic realities. Elasticity and adaptability will not be transformed into systematic violations, but will be accepted as a function of periodic results or of instances which require new decisions.
- National principles and democratic conviction will be achieved through concern for each person's prosperity,

and in an equal measure, for the general prosperity. Individual interests will never again be subordinated to mock collective interests.

Progressive restructuring and stabilization of the economy, based primarily on a more rapid restructuring of state economic property, and on the creation of predominantly private property belonging to the middle class, will be achieved by two concurrent paths:

- On one hand, correcting and consolidating conditions for a correct operation of market mechanisms in the actual economy, in order to stimulate an increase in the share of added values for gross social production, and prevention of social upheavals;
- On the other hand, halting the continued fall in production by most rapidly and energetically eliminating structural imbalances (enterprises, sectors, branches); removing of nonviable production from the national economy (based on sound status studies); reestablishing contractual cooperation relations among economic entities; revitalizing useful investments; and reforming property.

### 1. MACROECONOMIC RESTRUCTURING AND STABILIZATION

Experience so far has shown (and not only here) that the nearly exclusive use of macroeconomic organizations (fiscal, currency, credit, and so on) is not sufficient to end the crisis and improve economic parameters.

Prudent and flexible policies based on effective and beneficial measures must be continued, oriented as a function of economic signals (prices, salaries, profits, interest rates) that motivate economic entities (consumers, workers, managers, investors).

The entire macroeconomic policy will be reviewed and remodeled so as to create a genuine and effective executive control, change management teams, encourage profits accumulation, form a tighter link between income dynamics and economic results, improve payment regulations, limit the transferral of artificially raised costs resulting from poor management and unsatisfactory production to consumer prices, steadily restructure the number of employees, and so on.

To this end, during the transition period, the conditions and proportion of necessary financial aid to be allocated by the state to industry, agriculture, and so on—subventions, reduced taxes and fees, and so on—will be reviewed and regulated in accordance with the magnitude of added value.

#### (A) Taxation Policy, and Restructuring and Control of Budget Expenses

The global fiscal load will not penalize the economy and will not deprive individuals of the major portion of their incomes. Support for the fiscal policy is derived from the responsibility of each economic entity and each citizen to participate in an equitable manner to the state's expenses.

The current structure of taxable incomes will be remodeled to maintain a balanced and realistic tax level, in order to maintain the budget deficit within controllable limits, primarily in order to:

- Update the tax basis and gradually balance the proportion of direct tax and tax on profit, as well as progressively differentiate these taxes by branches and activities in the economy, so as to stimulate its effects on direct labor, investments, and the consolidation of the private sector;
- Assure tax and customs facilities for investments, for reinvested profits, and guarantees for foreign investors regarding free transfer of profits and invested capital;
- Reduce custom duties for processed, re-exported goods, and for imported products that are in short supply on the domestic market;
- Introduce a sliding scale for importing current products;
- Perfect the tax administration system and introduce severe measures for late fees and taxation fines, so as to control and discourage tax evasion.

Depending on the overall economic development, the tax system will be based on:

- A value added tax (which will replace the tax on traded goods), differentiated as a function of economic branches and macroeconomic action objectives;
- A single tax on monthly income by eliminating differences between those with and without children. The differences will be reflected in a corresponding correction in the size of the state's child allocation;
- A tax on annual individual income (total income);
- A tax on capital (for companies) and on capital earnings, together with the opening of the stock and bond market.

The restructuring of budget expenses aims to introduce a new system of relationships between the accounts of state economic entities and the transfer of current activity and investment financing to these entities, and the assurance of an appropriate ratio of capital expenditure as part of budget expenses.

In terms of budget expenses, measures will be taken to balance the public budget at the level of income collection, and not by increasing income through higher taxes or by creating new extrabudgetary funds for that purpose.

#### (B) The Capital Market, Banking Sector, Credit, and Interest

- Banking oversight will be strengthened, and a stock exchange as well as a market in stocks and government securities will be organized;
- Money policy will be strict, together with corresponding measures in the tax and income area. The money supply will continue to be increased in accordance with the inflation rate and with the assurance of adequate liquidity and absorption in the economy;
- Competition potential on the interbanking market will be increased by also including other suppliers of funds (insurance companies funds, pension funds, other mutual funds, and so on);
- Instruments to complement the resources in circulation will be introduced, together with an adjustment and



restructuring of the money supply: exchanges, negotiations, promissory notes, credit cards, CEC (savings and loan institutions), and short-term state titles;

—Domestic markets will be opened to foreign banking capital.

The banking sector will undergo a great deal of development, with the private sector in particular. Types of services and operations will be expanded. State banks, with the exception of the National Bank—which will be refinanced from the budget and foreign loans to rebuild the state's currency reserve—will be gradually privatized beginning with territorial branches. Bank refinancing through bids will be expanded until mandatory reserve deposits are operating correctly.

CEC will be reorganized into at least two savings banks, which will subsequently become transformed into commercial banks, and which will extend direct credits for investments, agriculture, trade, consumer credit for the population, and so on. Branches will become autonomous and will be transformed into people's banks, first of all in rural areas.

An active interest policy will be promoted in the credit and interest area by controlling the efficiency of credit allocation, in order to stimulate financial accumulation and the formation of domestic assets. The cost of credit will be increased on a sliding scale (investments, agriculture, housing construction, and so on);

—Credits will be granted especially to the economic entities which demonstrate the ability of timely repayment;

—Commercial credit loan periods will be regulated in accordance with international custom, except in cases of mutual agreement between economic entities;

—Exports will be supported by subsidies or by reduced interest for requested credits;

—In order to prevent defaulting among state enterprises, interests to be paid on new credits will be set at market rates;

—Young people, young families, and disadvantaged socio-professional categories will be granted easier credit for reasonable time periods and at reduced interest.

In order to support and develop specific economic entities:

—The level of material guarantees for granting loans/credits will be reduced and facilitated, and investment interest will be reduced on a sliding scale as a function of investment type (production, services, trade) and of the amount of profits reinvested;

—Financial institutions will be established to guarantee and facilitate credit with advantageous interest rates.

#### (C) Operation of the Rate of Exchange

—The exchange rate will be adjusted and liberalized, and currency exchange procedures will be simplified, while preventing disturbances in the evolution of the rate of exchange;

—A fund to stabilize and consolidate the rate of exchange will be created;

—Facilities to encourage exportation will be created, and the exchange of foreign currencies into lei will be limited only to those collected for the exportation of values created in the country;

—The foreign currency return of profits and capitals of foreign investments will be guaranteed.

As the country's financial situation, and the export and capital flow situation are consolidated, a transition will be started toward full convertibility of the leu.

#### (D) Incomes and Prices

Income policy will seek to avoid the defining the labor market through pressure, and will seek to increase work motivation through stability, competition, and reward, and to prevent further inflation by controlled income growth linked to price increases.

Salary increases solely as a function of more efficient productivity in economic activities will be decisive in this respect. To this end:

—The salary income-prices ratio will be objectively determined by suitably indexing periodic (6-12 months) changes in the purchasing power of the average national salary;

—The entire salary system will be simplified by introducing salary determination as a function of specific job specifications, demands, complexity, and importance. Jobs will be held exclusively in accordance with personal contribution and confirmed results;

—Controls or limitations of individual salary increases will be eliminated; the salary share in the cost of each product will increase. Until the demand-supply ratio is relatively stabilized, the average national salary will be indexed at part of the consumer price increase projected through three-party negotiation. In units where the increase in average salary was greater than the increase projected without corresponding production, the taxable profit will be increased by the corresponding exceeded salary fund;

—Annual taxes on the profit of economic entities that provide greater stability for their employees will be reduced, and units where the average salary is close to the minimum salary for the economy will be exempted from additional tax;

—A social system of supplemental incomes (rewards, non-compulsory work, agreements, and so on) will be introduced by distributing tangible certificates (shares, bonds, profit sharing, and so on);

—An effective system for management motivation based on profits that exceed expectations will be introduced, using supplemental income or tangible certificates; In the longer-term future, a guaranteed minimum wage will be introduced as a measure to assure a minimum standard of living, as well as to provide a base for the general balance of social protection measures.

Domestic prices must be comparable with the prices and purchasing power on foreign markets through a realistic rate of exchange. To this end:

- The policy of gradual—but more accelerated—liberalization of prices for products that are still controlled will be continued, together with a gradual reduction of subsidies from the public budget;
- Prices for monopolies and public utilities (electricity, railways, telecommunications, water) will continue to be established by the state, although resource prices will be liberalized;
- Mandatory prenotification of price changes will be continued. Prenotification periods will be reduced and differentiated as a function of product category and class, market demand, assurance of optimum supply and consumption, and growth of the average salary in the national economy. The prenotification system will be gradually abandoned as the supply increases;

After review, the price of electric power for the population will be liberalized through repeated adjustments, with increases phased in at smaller time intervals (every three months).

Vulnerable population groups (retirees, the unemployed, families with several children, and so on) will receive an appropriate income, and/or stepped rates will be used as a function of amounts consumed above and beyond the amount corresponding to a consumption correlated with a decent rate.

A program will be adopted for the prices of priority agricultural and food products, based on:

- Gradual liberalization and approximately uniform prices in all zones, and subsidies for basic food products distributed to the underprivileged categories of the population;
- Controlled prices for state agricultural and food products placed on the market. The prices of vegetable and animal agricultural products whose contracting and acquisition are guaranteed by the state will be reexamined;
- Low interest credits, primarily for private agriculture;
- Trade privatization and liberalization;
- Uniform salaries for the state sector, which would be more attractive for those with low incomes.

Pensions, unemployment assistance, student scholarships, and so on, will be correlated with real average salary indexes, and not with prices indexes.

#### **(E) Competition Incentives and Production Sector Market Development**

In order to develop competition, measures will be undertaken to:

- More rapidly demonopolize the economy by privatizing and resizing autonomous management groups, as well as by stimulating the essential creation of small and medium-sized enterprises with private or mainly private capital that is combined with up to 30-35 percent of public capital, and which can subsequently be privatized when they reach adequate profitability;
- Rebuild the legislative and institutional framework for competition development, and establish commercial courts that will respect the separation of decision and investigative jurisdictions, and retain the right of appeal;

- Break up economic entities when they restrict competition, prevent abuses on the part of entities which hold a dominating market position for a product, and prosecute mergers or associations aimed at dominating and limiting competition;
- Establish categories of trade agreements that are prohibited as damaging to competition, as well as cases of acceptable exceptions (law of acceptable competition);
- Gradually reduce domestic market protection and to the same extent increase exposure to international competition.

Export contingencies and restrictions will be eliminated with the exception of subsidized goods, goods that are quantitatively restricted in importing countries, and clearing and barter exports.

The major directions sought in the development of production factor markets are:

- Forming a competitive financial-banking system based on market mechanisms and interest rates;
- Creating peoples' banks and a venture capital system to mobilize the population's savings (investments and private capital development);
- A satisfactory information stream organized down to zone level, as well as a coherent reorientation and reprofessionalization policy for labor supply and demand, and for its migration among sectors (agriculture, state economic entities, private entities);
- Reducing the constraints on labor force mobility (bonuses for moving to other locations or for transfer to other activities, advantageous credits for housing construction or for initiating profitable activities in rural and suburban areas, and so on);
- Continuing and consolidating the freedom of state economic entities to adjust salaries as a function of performance, and of supply and demand;
- Creating new jobs through new public works projects;
- Expanding part-time work, work contracts of specific duration, and drawing the available work force into public projects;
- Placing union-management negotiations on economic foundations, and consolidating the negotiation balance among social partners.

#### **(F) Public Investments**

The following will be pursued:

- Orientation toward immediate effectiveness projects, primarily toward unfinished investments and the redirection of unfinished and nonviable investments;
- Lease or sell unfinished investments (in the areas of traffic, goods, tourism, housing construction, and so on);
- Increase the capabilities of state economic entities to form their own investment funds (reduced profit taxes, exemption from dividend payment to the budget, faster amortization and long-term credit with minimum interest—selectively as a function of economic and social importance, and of investment efficiency);

- Launch public loans for investments of great public importance (infrastructure, national defense needs, and so on), so that those who hold bonds or state certificates will receive corresponding incomes from future budget receipts;
- State/private construction units will be similarly encouraged to increase their own circulation and investment funds through exemptions or reduced profit or dividend taxes, as well as through interests reduced at different rates as a function of the nature of their projects (schools, hospitals, housing, agriculture, industry, commerce, and so on);
- Builders will benefit from a specific social protection system (for instance, a minimum of 60 percent of monthly basic income for periods of inactivity, money collected from project bids and administered by an autonomous social bank for builders).

#### **(G) Investments and Foreign Financing**

Foreign investments and outside economic aid represent key factors for supporting and activating the transition to a market economy. Their role is to supplement limited domestic resources, and especially, to initiate and support effective restructuring processes in the Romanian economy.

In the view of the Democratic Convention of Romania, the points of reference of a coherent and effective policy for actively encouraging foreign investments and outside economic aid to the Romanian economy will be to:

- Develop Romania's genuine foreign credibility as potential investment market and efficient user of received economic aid;
- Determine the industries and sub-sectors with highest priority for attracting foreign investments and economic aid, keeping in mind the available general comparative advantages (well qualified manpower, production space, raw materials, favorable geographic location, closeness to large potential markets, and so on) and the additional facilities that will be created and offered to foreign partners;
- Consolidate the institutional framework for attracting foreign investments and outside economic aid, primarily by professionalizing and delegating authority to act to the government institution specialized in attracting foreign capital;
- Improve the Romanian business climate, especially through initiatives aimed at an effective government policy in the field of foreign investments, at the pace of economic reform, the activity of banking institutions, and at the legal, financial, administrative, and informational conditions of business in Romania.

The object of foreign investments will be limited by law to social consumption.

#### **(H) Introduction of a New Type of Management**

Reorientation and continued reform require a qualified and convergent management both for state economic entities and for the national economy as a whole.

A national strategy for management modernization and remodelling will be formulated, which the Democratic Convention will implement consistently and not circumstantially as a function of immediate, individual, or group pressure.

A renewal of labor relations will be implemented by encouraging and using the aptitudes of employees to make their own decisions at the appropriate time. Hierarchical levels will be reduced and operative decision making will be more horizontal.

In the view of the Democratic Convention, the work force is an investment that must be protected and used at its true worth.

#### **2. PROPERTY REFORM**

In the view of the Democratic Convention, private property is the indispensable condition for true personal expression.

At the same time, private property is also the surest means of social protection.

Property reform is achieved by:

- Progressively privatizing state property in order to transfer property from the public sector to the private sector;
  - Encouraging and developing private property rapidly and with high priority (small and medium-sized enterprises, particularly in production and services).
- The major process of a strategic nature and effect in the reform is property transfer. It is achieved by:
- Indirect surface privatization (general, wholesale), oriented toward temporary, interim, transactional owners (such as property funds);
  - Direct in-depth privatization (real, effective) of private owners—physical or legal entities—as final and natural recipients of privatization.

Any form of privatization is considered completed (effective, real) when specific physical or legal entities obtain control (dominant position) of the management of the privatized economic entities.

The coexistence of the two forms of privatization is possible up to a point, after which there will be a conflict between, on the one hand, the concern to maximize property transfers from the state to the private sector, and on the other, the concern to maximize the market value of title certificates associated with this process.

Current legislation does not distinguish between these two kinds of privatization for transferring state property; it refers solely to surface privatization.

The specific aspects of the Democratic Convention's view are represented by:

- Distinction between privatization and the administration/management of the values portfolio;
- Separation of privatization interests by stipulating a government institution responsible exclusively for direct transfer of property to its ultimate private owners (National Privatization Agency), and special financial



institutions that concern themselves with portfolio management (the largest possible number of funds), operate along performance criteria and principles (commercial), and are operated jointly by Romanian and foreign experts;

- In-depth privatization as the true process for progressive and straightforward (direct) transfer of state property to private owners as ultimate and natural recipients of privatization.

The "Law of Reparation for Moving and Fixed Assets Nationalized, Confiscated, Expropriated, or Abusively Appropriated by the State During the Period of 6 March 1945 to 22 December 1989" will be supported once the entire privatization process is reopened.

The Democratic Convention maintains that market liberalization cannot be achieved without genuine, in-depth privatization, and that competition among private enterprises assures the efficiency of the entire economy.

All constraints to the formation, development, and operation of the private sector will be eliminated.

#### (A) Privatization of State Economic Entities

In-depth privatization cannot logically occur after the restructuring of state economic entities. Since real privatization is nothing more than a procedure for transferring property, the restructuring remains the task of the new owner (buyer). What is most important in this case is to maximize and accelerate the property transfer process, and not the price at which the privatization operation is transacted.

At the same time, the goal of most profitable sale must also be accepted, which requires that the economic entity involved be restructured, and that its technology be rebuilt before privatization in order to provide a minimal value and profitability, as well as a guarantee that the invested capital (domestic or foreign) will be recovered.

Due to this situation, the view of the Democratic Convention is that restructuring and privatization must be oriented, encouraged, and achieved through a "stepwise, stop and go" procedure, in various forms and methods adapted to concrete conditions, that also include the practice of intermediary forms (leasing, renting, management leasing, private management).

The procedure will be initiated rapidly and conducted at an accelerated pace. Its other advantage is that it will allow corrections in the privatization process as it proceeds, depending on periodic, concrete, economic and social results.

Given the low domestic monetary savings situation resulting from the dictated macrostabilization program, and the lack of foreign investment attempts resulting from poor credibility and political stability, the privatization process that has been undertaken will be reviewed without stopping the distribution of property certificates, in order to determine the extent to which domestic private capital can be involved in the privatization process. This will be continued until:

- Domestic private capital that can be attracted to privatization can be properly evaluated and optimum conditions for attracting it are established;
- A coherent strategy is formulated to transform property certificates into shares until trading markets are organized and operating;
- Regulations are formulated for problems that could possibly arise when property certificates lose market value in the case of economic entity failures, and for protecting the certificates in this event;
- Conditions for using intermediate forms (management leasing, leasing, renting) are reexamined, with profitable guarantees and subsequent real privatization.

In the absence of a specific institutional framework for the primary capital market, special problems can arise in the public offer of shares; hence, there is an immediate need to attract commercial banks in the placement of shares on the market.

Management contracts, leasing, and renting can be used—and are even indicated—during this whole period as fast instruments for improving the efficiency of state economic entities and as a first step toward privatization.

The view of the Democratic Convention of Romania is that:

- State property privatization will be carried out without harming and abusing national interests, and the interests of socio-professional groups and citizens;
- The privatization process will not affect employment status, that is, employees of privatized economic entities are not compelled to participate in property ownership;
- Privatization must be carried out in flexible terms, from branch to branch, and from economic unit to economic unit;
- The repurchasing of enterprises by managerial groups and/or employees will be encouraged, particularly in the case of costly or failing enterprises, or subsequently, after the Stock Market is established, of those who do not meet qualifying conditions.

This technology avoids the inadequacy of domestic capital and of managerial and/or employee capital, by financing with capital repayable from profit growth and dividends in the new situation;

- Increased interest in privatization through sales will be encouraged by granting easements consistent with the specific and concrete conditions of the sale. Easements granted to employees will be greater for all purchases of their own enterprise and lesser for any other option;
- Satellite private production units will be developed at state economic entities, which will be formed according to financial-economic interests into holding commercial companies (with state and/or private capital).

At the same time:

- Conditions will be legislated and sales to private economic entities will be intensified for assets blocked in fixed funds and in stocks of materials and semifinished products;

- Limitations to indirect and direct privatization, or to their combinations, will be drastically reduced. Measures will be taken to avoid corruption and bureaucratization in the privatization process;

All limitations for the participation of foreign investors will be eliminated. Privatized properties will also include the land on which they rest.

In addition:

- State/private brokerage and consignment offices will be opened to sell shares and to transform privatization certificates into shares;
- Private economic entities will be involved in the sale of state capital.

#### **(B) Completing Land Reform**

Land reform will be finalized without affecting properties legally obtained on the basis of existing law, following revision and improvement of the Land Improvement Law, such that:

- Reconstitution of property rights will be finalized and fully assured;
- All Romanian citizens entitled to this right, and until now excluded from it (former owners or heirs), as well as families without land or with little land, which work in agriculture or are stable residents of communes, will be given possession and property rights on demand;
- The "arable equivalent" coefficient will be discontinued, and Law No. 187/23 March 1945 for agrarian reform will be recognized, which expropriated personally owned agricultural land that exceeded an area of 50 ha, namely, arable land, orchards, grassland, ponds, and artificial lakes.

Similarly recognized is the status quo of 1 January 1990 for properties in noncooperative areas, which were not affected by the application of Law No. 187/1945 and subsequent confiscation decrees.

Land reform will be finalized together with the gradual restructuring and privatization of the remaining state sector, considering that:

- Land that belongs to and is used for scientific research and the advancement of technical progress, educational farms, experimental research stations, model farms for self-financing of agricultural districts, and so on, will remain public property;
- Allocated areas will depend on new local possibilities and the area's climate and crop conditions;
- State agricultural enterprises left with the land resources of 1 January 1946 will be privatized, and those formed by the placement of new land in agricultural use, will be changed into commercial shareholder agricultural companies.

The Democratic Convention considers that it makes no sense for the peasant of the person entitled to own the land, to be a shareholder in property that he should receive as his right.

#### **(C) Privatization in Trade and Services**

This privatization will be rapid and complete, and will impose itself since it provides a direct link between consumer buying power and prices. Relations of free and dependable competition among suppliers must be assured. To this end:

- A specific legislative framework will be provided to give enterprises (state/private) access to resources and to distribution networks through free trade (raw materials, materials, energy) and without administrative restrictions;
- State activities will be restricted more rapidly and progressively, while private initiative will be supported at the same rate;
- Private capital investments in tourism activities will be encouraged, and the country's natural and historic potential will be developed;
- Strong diversification, and particularly quality improvements in all services, will be encouraged, while introducing drastic consumer protection regulations.

#### **(D) Privatization of State Housing Resources**

The privatization of state housing resources will create a specific market that, in the intermediate term, will determine the prices of houses and apartments through market mechanisms. Revenues from this market will form the major source for restarting the housing construction sector.

The privatization of state housing will take initial ownership into consideration. Similarly, an objective, impartial law will be formulated to give fair possession of one or more secure assets.

The privatization of state housing will:

- Reduce the pressure of maintenance costs on local budgets;
- Regularize the interest level of credits granted for housing purchases;
- Create greater mobility for specific types of manpower, correlated with the requirements of the housing market.

In order to calm present and foreseeable tensions, the Democratic Convention will:

- Define conditions and a program of proportional rent liberalization, directly correlated to increases in net income and designed to protect the disadvantaged;
- Clarify reallocation or indemnification of former property rights, and of new rights to state housing resources, urban lots, and urban infrastructures;
- Correlate budget resources with interest subsidies for credits allocated to purchase state housing;
- Assure that housing built with state funds will be bought only by current renters.

Anyone will be able to buy vacant housing built from the same funds, but speculative reselling will not be allowed.

- Delimit the responsibilities of central and local administrations in urban development and the management of housing resources;

- Accelerate the privatization of construction units (contractors);
- City halls will be encouraged to build rental and social housing (directly through economic entities).

### 3. SECTOR RESTRUCTURING

The restructuring of economic sectors will be achieved through the restructuring of economic entities in industry, agriculture, and so on, so as to increase the allocation, absorption, and consumption of resources. To this end:

- In order to make them profitable, production capabilities will be adjusted together with a gradual reduction in subsidies and credits, consistent with available raw materials and energy, by rationally restricting facilities and increasing consumption efficiency, reconsidering technical discipline and management, and progressively rebuilding technologies while increasing the adaptability of production to demand (domestic/foreign) and raising the efficiency of the labor force;
- The production of export industries (particularly those with a high degree of processing) will be encouraged, together with a balanced consumption of each economic entity's own currency resources;
- Production that can provide the goods needed for the population's consumption, and in particular those goods that complement agriculture will be encouraged and developed;
- Production (industrial, agricultural) capable of rapid investment recovery will be modernized and developed;
- Specialization will be achieved in the production of goods and services that complement the structure of foreign markets in order to become integrated into the world economy;
- Production of consumer goods and capital that are in demand on the markets of neighboring countries and areas will be achieved;
- The service sector, as well as small and medium-sized production enterprises (in any field), will be developed, primarily with private capital and through direct, integral or modular privatization of economic entities.

#### (A) Agriculture

The Democratic Convention believes that land, with all that agriculture has come to mean, is one of the long-term economic resources and will be the main factor in economic reconstruction and in resolving the present crisis. Measures will be taken to carry out high performance, rather than subsistence agriculture, through state intervention in encouraging the most efficient form of exploitation required by the area and landowners, in accordance with the law.

In order to adjust and finalize the land reform and rebuild Romanian agriculture, the following major steps will be taken:

- The Land Fund Law will be modified without affecting the legal properties obtained according to existing law;
- While expediting and finalizing the distribution of property titles, the following laws will be adopted along with

the modification of the Land Fund Law: the Land Registry Law, the Land Leasing and Leasing Credit Law, the Land Mortgaging Law, the Land Property Association and Concentration Law, and the Agricultural Credit Law.

The Democratic Convention considers that agricultural land owners are free to lease or transfer their land without imposing any preemptory rights.

A legal framework will be created to allow rightful owners who decide for various reasons abandon agricultural activities, to transfer their land in exchange for a fair and equitable lifetime income.

Restitution rights are recognized for land and goods taken from the property of religious houses, hospitals, and the Romanian Academy.

- The state will become involved in providing technical and material equipment to agricultural land owners, by striving to:
- Import agricultural equipment suitable for the structure of the agricultural property;
- Support the restructuring of some enterprises in order to begin the production of inexpensive agricultural equipment;
- Grant financial resources to acquire agricultural technology, chemical fertilizers, pesticides, fodder, seeds and planting materials, breeding stock (low interest credits, tax exemptions or reductions, state guarantees, and so on);
- Create a network of pilot farms on state land, to cover the full range of climates and crops. These will be staffed with existing technical and specialized personnel that will provide information, consultations, and assistance; they will be financed partially by the state and will operate partially as autonomous economic units;
- Encourage the concentration of capital in economically viable farms up to a level estimated as optimum for each climate and crop zone;
- Stimulate the development of rural cooperation (associations for the joint utilization of labor resources, joint investments, supply and distribution, credit, establishment of small agro-industrial enterprises, professional improvement, and so on);
- Encourage the creation of a financial banking system intended to assure the formation and support of private agricultural capital (banks with proper specialization, association banks, consignment houses, agricultural income banks, insurance companies, various mutual systems, systems of mutual assistance, and so on);
- Implement a fiscal policy that will encourage the development of agricultural activities (taxes, low interest, preferential credit, consolidation credit, tax exemptions or postponements in case of disaster, introduction of progressive taxation to control the accumulation of agricultural property, and so on);
- Organize a system of specific services for agricultural producers;
- Organize a system of private or mixed capital companies to buy quantities of agricultural products essential to

properly supply the urban population, for agricultural food processing, exportation, state reserves, and so on;

- Protect agricultural producers in competition with foreign producers (contingencies on the importation of agricultural products, exportation bonuses, appropriate customs duties);
- Reopen irrigation systems and the public funding of projects of national interest with ramifications in agriculture (land improvement projects, rebuilding the road network, and so on);
- Rebuild communal pastures and reformulate the legislation regarding pastures and grasslands in specific areas, and particularly in mountain areas;
- Create a market for agricultural land and a commodities exchange for agricultural products.

#### **(B) Industry—Economic Entities With State Capital**

By restructuring the manufacture of the means of production and intermediary products, there will be a transition to production intended for final consumption on the domestic or foreign markets.

The program to restructure the industry will take into consideration the extremely precarious solvency of the majority of enterprises, compounded by the existence of raw material stocks, of unfinished production, and of completed production for which there is no demand—all of these instead of the liquid assets typical of a market economy;

Enterprise restructuring will be based on cost management, achievement of a positive ratio between capital and production, and accelerated capital amortization.

The adjustment of internal costs will receive priority, given that outside unit costs cannot be controlled or significantly influenced. However, the influence of outside costs (electric power, energy-bearing materials, raw and imported materials, taxes) can be reduced through investment and a better internal organization of labor processes, as well as by firm changes in the management and morality of economic entities.

Management on the basis of "management contracts" will be instituted immediately by law, assuring that:

- The functions of state ownership will be similar to those of private ownership, whose objective is the most efficient possible operation of the enterprise;
- State intervention in enterprise restructuring through its regulatory institutions will become limited to that which is strictly necessary and will avoid preferential treatment for the state sector at the expense of the private sector;
- The financing of restructuring programs will be partly assured by the enterprises themselves.

The Democratic Convention will proceed selectively in declaring bankruptcy, together with the formation of the labor market, the organized requalification of the unemployed, the endorsement of investments that create new jobs; instead of total liquidation, it will give preference to the continuation or reconfiguration of some activities, with partial liquidations or substantial restructuring.

However, bankruptcy procedures will be used for enterprises with losses that cannot be salvaged from this situation by unfreezing payments or by a rigorous economic-financial restructuring program accepted by banks.

Industry will be restructured on the basis of a Program Law to Stabilize Branches in Crisis and Improve Industrial Structures, a program that will develop operational programs and through which the public sector, working together with enterprises, will organize the orderly adaptation of supply and demand through a phased, programmed reduction of nonviable production facilities, with the relevant efforts being equally supported by all the enterprises involved.

#### **(C) Scientific Research**

Scientific research is called upon to suitably exploit the great potential of the Romanian intelligence. It will be directly involved as the major force to analyze and formulate the strategies needed for macroeconomic adjustment, and to restructure economic sectors and enterprises. This will also determine the restructuring of scientific research, especially the research involved in research, development, and planning units (UCDP).

Scientific research will be used and developed to obtain scientific results that can be of domestic, and especially foreign, benefit. That is why the major state effort during the transition period, consisting of budget allocations and of a variable tax differentiated by magnitude of revenues (sales) at economic entities, will be intended to support research institutions, as well as to finance special programs (fundamental and applied research).

The Governmental Commission of Scientific Councils for Scientific Research Strategy, operating within the Ministry of Science, will undertake strict and competent evaluations of the future development of sciences in Romania, while supporting authentic values, modern management, and research efficiency. It will also:

- Define a national strategy and a development program for the major fields to which Romania has traditionally made the greatest contributions and in which Romania has the best chance of becoming integrated into the international research environment;
- Encourage the autonomy and decentralization of research institutions. Research programs will be formulated in accordance with demand, through an efficient and flexible procedure, only by scientific researchers, and will be validated by sector and intersector scientific councils organized within the appropriate ministries;
- Seek a natural link between research and education through research centers organized in institutions of higher education, which will become the major sources of selection and training for those with research potential.

University research will offer additional income both for the persons involved and for the respective fields and universities.

Fundamental research, representing the highest values of Romanian intelligence, will be conducted in universities and research institutions appropriately organized as part of the Romanian Academy. It will be financed by eventual sponsors influenced by appropriate financial incentives.



Particular support will be given to the domains and directions in which Romanian researchers have developed experience and results recognized throughout the world.

Applied research will be carried out in technical or economic higher education institutes, and in Units for Scientific Research, Technical Development, and Planning (UCDP). Its short-term results will be predominantly correlated with the reform and development program and will complement international cooperation activities.

UCDP's will be gradually restructured and privatized together with their involvement in the process of reforming and restructuring the economy. As a rule, the privatization of UCDP's will be preceded by the privatization of economic entities and by a specific social, intellectual, and resource evaluation of tangible and intangible assets (reputation, standing, intellectual resources).

UCDP activities will also be oriented toward the adaptation, generation, and dissemination of specific results, through technology transfer centers ("incubators") in order to influence the economic system of small and medium-sized private enterprises.

#### 4. SOCIAL RESTRUCTURING

Economic restructuring and privatization will also bring major changes to Romania's social structure. Social restructuring has a greater inertia than its economic counterpart, being determined by a rather significant amount of mistrust in reforms.

Achieving economic reform and a transition to a market economy turns out to be a complicated process that has a powerful, shocking, and painful social impact for the majority of the population.

The (current) social structure is inadequate, considering the magnitude and objectives of necessary reforms: 60 percent of the population is employed in industrial sectors, 30 percent works in agriculture (of which two-thirds are over 55 years old and two-thirds are women), and 10 percent is employed in state services.

It is foreseen that the social restructuring process together with small and medium-sized private properties will be characterized by a strong migration of the salaried urban population toward the category of investors, industrial and agricultural entrepreneurs, and especially toward services, but only if the incentives for it are adequate.

With the necessary support, peasants will move toward farming and association formulas, within an appropriate and encouraging legislative framework.

Social restructuring cannot be achieved without acknowledging the equality of opportunity in any field of endeavor, the equality of all citizens before the law, and the fact that people will be more effective if their prospects are clearly determined by the results of their work.

Free entry and exit from the market is the essential condition necessary for assuring the proper climate for economic and social competition by increasing the number of economic entities. In turn, a climate of competition is necessary for restarting and developing the economic and social supply side.

In order to assure a correct entry and exit from the market, the Democratic Convention will formulate a unified strategy that will first of all define economic, financial, social, and moral responsibilities toward the development of the labor market for those involved in the restructuring of state economic entities, and for those involved in the promotion and development of small and medium-sized enterprises.

The entire restructuring process will seek to rebuild and consolidate the social and economic balancing beam of Romanian society—the dynamic, managerial, enterprising, and majority (about 35-45 percent) middle class (society's social center)—compared to the social percentages above and below it.

Social restructuring cannot be conceived without requiring officials, public functionaries, and any other person who makes decisions, utilizes state goods, and makes use of salaried labor on state property, at any level of the hierarchy, to declare their assets and to justify their income.

#### CHAPTER IV: SOCIAL SECURITY

Social protection originates with the right of every citizen to be protected against social risks such as sickness, old age, maternity, loss of parents, disability, unemployment, family burdens (especially for families with many children), inflation, and currency instability.

A blatant contradiction currently exists between the objectives of social protection and the resources available for this purpose. Hidden for some time by populist measures that affected budget accumulations and deficits, and by the social consumption of imported goods assured by the country's currency reserves, this contradiction has now become acute.

In the view of the Democratic Convention, the rebuilding and development of the social security system is based on social justice and will exist in the social security institutions. The idea of protecting the weak who are unable to work (the unemployed, the old, the handicapped, and so on) will be implemented in practice.

Social protection is an essential objective whose achievement depends on the advancement of the reform, which will also determine its success. It must start only from a true interdependence between the economy and social life, which must be approached realistically and without demagoguery.

A reasonable financial balance is needed that will lead to an equitable burden on all income earners: owners, employers, employees, and those who are taxable.

—It is necessary that social protection be redefined by law, increasing and diversifying the factors that define social risks.

It is necessary that social security be guaranteed, primarily by:

—Extending social protection to cover all events that can have a negative influence, including efficient mechanisms for consumer protection;

—Complementing the incomes of all those whose resources fall below a vital minimum, as part of a large institutionalized program;

—Providing different types of social protection to those who are employed, through a specific system of measures.

**1. Guaranteeing all able-bodied citizens conditions for exercising professional activities, by:**

- Assuring a coherent policy for job creation and for employing the work force at the highest possible level;
- Fighting long-term unemployment;
- Encouraging the development and extension of private and associative properties for production and services. In particular, by supporting their development in small towns and villages so as to assure population stability and prevent the overcrowding of intermediate and large cities.

**2. Legally protecting employees against events that threaten the exercise of their professional activities, independently of the nature of their work.**

**3. Assuring fair and decent levels of professional incomes, directly correlated with the economic and/or social importance of the activity.**

- Extending social protection actions to include into the social security system measures regarding job and earnings security, fair distribution of compensation income during periods of forced inactivity (unemployment, inability to work, maternity);
- Promoting multiform social protection programs, whose categories of social risks requiring monetary compensation for the disadvantaged population will also include the effects of inflation, rental prices, money devaluation, and so on;
- Introducing the contributory social security system for the peasants as well, using criteria that are similar to and as equitable as those for employees.
- Creating sources of alternate financing for social costs, by combining the contribution system with taxation.
- Creating a consistent incentive policy for economic entities regardless of the legal nature and form of their properties, by reducing profit taxes, consistent with voluntary development of social protection activities for employees, such as: housing construction, the protection and support of young people and their families, opportunities for changing professions and for improving professional credentials, professional integration of the handicapped, and introducing supplementary pension systems (retirement plans for economic entities).

Given the changes in prices and available resources, and in order to protect the buying power of the population, incomes (salaries, pensions, unemployment insurance, allocations, scholarships, social assistance) will continue to be adjusted during the immediately following period, by indexing and/or compensation as a function of changes in the average national income.

Because a period of analysis and preparation is necessary after a national dialogue between the government, employers, unions, banks, and political parties—based on the principle that no one must be excluded, and the interests of no citizen must be ignored—which will lead to a guaranteed social contract of responsibility and participation on the part of the entire society in the restructuring and

revitalization of reform that will use case-specific rather than global methods, the following objectives will be pursued:

**(A) Unemployment**

The current unemployment assistance system will be replaced with two alternatives: standard assistance and extended assistance. Extended assistance will be granted for the first six months of unemployment. Standard unemployment assistance will be received after six months.

—The current minimum amount of unemployment assistance for the first six months will be increased in phases, until the two forms of unemployment assistance are implemented;

—Unemployment assistance will be granted for one year. Standard unemployment assistance will be correlated with the minimum gross salary for the national economy, but will not be smaller than 85 percent of its amount;

—Annually established unemployment benefits (social assistance) will be granted without time limit to those who cannot benefit from unemployment assistance due to documented difficulties in resuming professional activities. Unemployment benefits will not be less than 65 percent of the minimum gross salary for the national economy, and will be exempted from CAS [State Insurance Society] payments for a period of 12 months, without affecting social security and pension;

—Social security rights owed to employees in case of partial (technical) unemployment, will be regulated equitably;

—Total unemployment will be prevented by means of: regulating the possibility of job sharing (dividing one job among two employees, or two jobs among three employees); work for limited time periods; work away from job locations (at home); production capability work contracts (partial programs); and so on;

—Young people up to 26 years old, and graduates of a form of professional training, will be granted unemployment assistance correlated with the net minimum salary for the national economy, for a period of one year;

—A program for retraining and professional reintegration of the unemployed will be created and operated;

—The unemployed will be encouraged to become entrepreneurs by granting them, upon request, the cumulative value of the amount of unemployment assistance due them for a one-year period, as a means of initial investment, and by diversifying their financial aid—preferential completion credits, exemption from social security and pension obligations for a specific time period, and so on—in all cases in which particular industrial or agricultural production, or service activities are initiated;

—A fixed-sum unemployment assistance will be adopted as a function of adjustment, restructuring, and stabilization processes in the national economy.

—The granting of unemployment benefits for a period of time greater than one year will be depend on how the economy is growing and on the availability of funds.

**(B) Pensions**

A basic pension for all employees will be assured, based on a single percentage whose amount will depend on the duration of employment and the size of the salary received in the 24 months preceding the date of retirement;

- Basic pensions will be regularly adjusted to increased salary levels, while protecting them against currency devaluation;
- Contributions to the social security fund will be shared by employer and employee, with a higher proportion being paid by the employer;
- Disability pensions will be granted independently of the nature of the disability and work seniority, but will be differentiated as a function of the degree of disability;
- The obligation to contribute to a supplementary pension will be eliminated, and the right of each citizen, independently of profession or activity, to voluntarily contribute an unlimited amount to the supplementary pension fund, will be legislated;
- A social security system based on compulsory and voluntary contributions will be introduced, to make it possible for pensions to be equal to work incomes;
- Progressive and predictable pensioning on demand will be established, assuring beneficiaries (older than 50 years for women, and 55 years for men) with pensions of at least 60-65 percent of their salaries for limited time periods;
- The contributory system (compulsory and voluntary) will be combined with income taxes to finance the cost of pension payments;
- The pension rights due to employees and free-lance workers will be equalized;
- The right to a social pension will be recognized for those incapable of performing effective work or devoid of material resources (people who are disadvantaged either by nature or fate);
- A pension insurance system will be introduced;
- Measures will be undertaken to form private pension funds and to gradually privatize the state pension system.

**(C) State Allocations and Family Services**

A single amount of state allocation will be introduced for children up to 18 years of age, independently of the parents' income and the children's status, and independently of the employee status of the legal custodian. The total volume of these allocations will be correlated with changes in the monthly average of the gross national product.

The maternity protection system will be corrected and diversified by:

- Increasing maternity benefits;
- Introducing benefits rights for housewives and mothers who raise and take care of children up to the age of seven;
- Providing an additional child rearing allocation for 12 months after birth, when one of the parents is unemployed or is employed in a productive job for less than 20 hours a week.

The family services system will be diversified by:

- Establishing special local social assistance services for the poor and their families (husband, wife, children);
- Providing benefits for widowed or divorced husbands who are raising minor children by themselves;
- Allocating additional differential benefits for orphans with only one or no parents, until their education is completed;
- Granting either one of the parents upon demand, an additional leave paid by an economic entity at the child's birth, or to care for a sick child up to the age of seven.
- Social assistance for pupils and students whose parents' income does not exceed a given level, will be introduced to continue and improve their education.
- A social security system will be introduced to provide free care and reimbursement of up to 60 percent—depending on income categories—of the value of medical treatment, treatment at health spas, procedures of a cosmetic nature (dental crowns or bridges, glasses, hearing aids, and so on), and medication.

Free medical treatment and medication will be assured for families that depend on social security, with small children and with incomes at or below the minimum salary for the economy.

**(D) Health Care**

A new system of health care is necessary, to be achieved through an evolutionary system, and whose nature will be a mix of public and private interests. It will be based on diversified financing of the entire public medical system by complementing budget subsidies with revenues from its own expanded and diversified services, and by health insurance administered independently of any other insurance or income tax; and on improved access to medical care, by removing territorial boundaries.

The new system of health care will be integrated into a multi-level system, as follows:

- Primary health care will be provided through family doctors, and in clinics and offices of general practitioners;
- Secondary health care will be provided in diagnostic centers and hospital-polyclinics with specialists on staff;
- Tertiary health care will be provided usually in university clinics for ultraspecialized care.

The freedom to make medical care choices allows the patient total freedom to choose his doctor, the health facility, and the public or private medical care he wishes. A corresponding level of assistance will be assured free of charge and will be made generally available.

The doctor has absolute responsibility for the consequences of his professional medical care; his professional actions will be evaluated only by professional medical organizations. Doctors will no longer be considered as public employees.

Public and private services will complement each other at the primary and secondary levels of medical care. Health insurance will make it possible to provide medical care in



both the public and the private sector. Because it will be free, it will also cover the cost of out-patient treatment.

The health care network will operate within the Ministry of Health, and administrative organs will have no professional authority over medical and health workers.

The medical assistance policy will also allow for regional differences, being a function of local conditions such as mortality levels and the degree of exposure to risk and of isolation of medical personnel.

The health system will be reorganized and modernized concurrently. All units will be progressively endowed with technical equipment and their medical personnel will receive appropriate training. Medical management administration will be introduced.

Independently of the sector (public or private) in which it operates, medical personnel will be trained and upgraded in an accredited system supervised by the state and by medical professional organizations, which will provide the necessary instruction.

Special national programs will be implemented by developing medical assistance and research for cancer, cardiovascular diseases, viral diseases including AIDS, mental health, immunology, geriatrics and degenerative diseases, as well as for a number of professional, social, hereditary, and congenital diseases.

Health activities and state capital will be gradually privatized, with initial support for ambulatory private assistance (family doctors, paid clinics, group medicine, private offices, laboratories, and so on). Suitable credits will be facilitated, the organization of specialized banks will be encouraged and supported, and so on, to this end.

The population's health education will be developed as part of a comprehensive public system, primarily through free publicity in the audiovisual media and in the press.

#### **CHAPTER V: THE DEMOCRATIC CONVENTION, UNIONS, PROFESSIONAL ORGANIZATIONS, AND THE FAMILY**

Today, unions and professional organizations as forms of social pluralism, are representative institutions independent of state structures, with a strong modernization quality in protecting and promoting the professional, economic, social, and cultural interests of their members, of the rights created for them by work relations that have been legislated but which require continued improvement.

The Democratic Convention's view is that unions and professional organizations must become active, involved partners through a constant dialogue between themselves, employers, and the government, to establish the timetable, pace, and social costs of the reform, and to correlate the economic and social evolution.

The Democratic Convention will consistently assume its role of balanced mediator and evenhanded referee in conflicts between unions, professional organizations, and employers, appealing to their mutual interdependence and capacity for social dialogue as the means to reach compromise solutions that will favor general economic and social equilibrium, and social solidarity.

The Democratic Convention considers unions and professional organizations as nonpartisan institutions formed freely and voluntarily on the basis of the sociability instinct of employees and employers, mutually linked to protect specific interests, to achieve a higher level of social justice, substantially improve production processes, improve working conditions and social protection, and respect and develop the people and their dignity.

Regarding the family, in the pluralist democracy that we are developing, the family is also a fundamental institution, being a natural expression of life and having unique and specific rights consistent with other forms of social life.

#### **CHAPTER VI: THE ENVIRONMENT**

Until now, Romania's environmental problems have been handled in an irresponsible manner.

High levels of pollution in the ecosystem forces a large part of the population to continue to:

- Consume primary and processed agricultural products permeated with secondary products resulting from the decomposition of artificial fertilizers and pesticides;
- Breathe air contaminated with gases that are active and are hazardous to health, and with several types of biologically active dust.

The existing conflict must be checked as part of economic and ecologic activities, and all measures to protect the environment must be considered as normal production costs.

The Democratic Convention supports the immediate need for a national strategy in the environmental field, based on the concept of an enduring approach in which socioeconomic development, environmental cleaning, and resource conservation are inseparable.

- A new law regarding environmental protection and conservation is now more necessary than ever, and should influence and even change plans and programs for restructuring the economy.

- One priority in the first stage will be to reduce the pernicious effects created by the operation of certain facilities. Future steps will intensify such activities as the elimination of harmful effects, prevention and conservation, and the ecologic and biological treatment of agricultural land based on a suitable marginal yield.

#### **CHAPTER VII: ROMANIA, A EUROPEAN STATE**

The foreign policy of Romania—a country located in an Europe that is still artificially divided between West and East, a world that is still unstable and dangerous in some areas—will become a natural consequence of its domestic policy, which it fittingly reflects. Romania's foreign policy will be characterized by maximum transparency and will be founded equally on the principles of the UN Charter, on those of the CSCE, on the Universal Declaration of the Rights of Man, and on the principles of the Paris Charter.

The Romanian nation has played and still plays a European role which must be retained and consolidated. It must cultivate its vocation as partner and mediator, and must be open to dialogue and cooperation.

Romania's geographic position, its historic national traditions, and its achievements, justify the goals of the foreign policy promoted by the Democratic Convention:

Romania must regain its natural position in Europe, and participate with full rights in the European integration process;

It must reintegrate the national territory chipped away by the fateful Ribbentrop-Molotov treaty;

It must assure optimum security conditions resulting from its European integration;

It must create conditions needed to renew its spiritual and material bonds with the Romanian diaspora;

It must promote regional cooperation with neighboring countries, thus preparing Romania's integration into the EC.

### 1. PRIORITIES

The primary aim of Romania's foreign policy is to convince the international community of the Romanian people's attachment to democratic principles. The existence of political forces in Romania that oppose totalitarian ideologies and that are capable of determining Romania's recognition as a necessary and effective partner in building the new Europe, will erase the unequal treatment to which the former communist countries in Eastern Europe are now subjected.

The Democratic Convention's foreign policy will seek to present to the world the real picture of a Romania reborn after the tragedy of the past 50 years.

### 2. FOREIGN RELATIONS

Based on the principles enumerated above, Romania will maintain normal relations with all the countries of the world, without excluding the need for discernment based on geographic location and affinity of interests.

Given the United States' position in protecting democratic values throughout the world, and its role in the world's economy and security, the Democratic Convention wishes for Romania to develop stable relations with that country, so as to assure its status as a correct and credible partner.

With respect to Europe, it will consistently take action for Romania to be accepted in all European organizations.

Romania will maintain friendly relations based on common interests with Balkan countries, whose geographic location makes them suitable partners.

The Democratic Convention believes that improving Romania's image abroad can contribute to an important and significant approach to NATO structures, thus leading to stability in this part of Europe.

The Democratic Convention confers a special role to the United Nations, which should be given greater power in the case of aggressions against a UN member nation, or in overt instances of international terrorism support.

### 3. HUMAN RIGHTS AND NATIONAL MINORITIES

During our century, disregard and contempt for human rights has led to acts of savagery that horrify mankind's

conscience. The Universal Declaration of the Rights of Man was proclaimed in the belief that a world can be created in which human beings can be free from fear and hardships, and in which they can enjoy freedom of speech and of conscience. The Democratic Convention has adopted this declaration as a fundamental moral law.

National minority problems cannot be solved except within a democratic political framework based on a state of law, with an independent, effective judicial system. This framework guarantees that human rights and fundamental freedoms will be fully respected, as well as equal rights and opportunities for all citizens.

The Copenhagen meeting of 29 June 1990, following the CSCE, received a consensus from all the countries in Europe for respecting the rights of national minorities, which are considered as universally recognized human rights, and which are an essential factor for peace, justice, stability, and democracy in participating countries.

Romania's vital national interest is to establish a climate of social peace, one of whose components is the guarantee and respect of liberties and rights for national minorities, equal to those of citizens of Romanian nationality.

Opposing any kind of extremist reform, the Democratic Convention stands for the respect of the rights of all ethnic or religious minorities.

A dialogue conducted in the spirit of tolerance and reason will serve as a means for settling interethnic conflicts.

The recognition of the right of each minority to freely develop its own culture and retain its ethnic identity does not mean that the territorial integrity and unified nature of the Romanian state is placed in question.

The Democratic Convention will respect the international conventions to which Romania is a party, and in particular the Copenhagen Meeting Document, which in its Chapter IV (Articles 30-40) establishes with the power of law the rights of national minorities.

The Democratic Convention will never renounce the principle that "We do not want to change from being the oppressed to being the oppressors."

Aware of the dangers that any policy of isolating national minorities carries for Romania's internal stability and image, the Democratic Convention of Romania is in favor of involving all minorities in the moral, economic, and social reconstruction of the country.

The Democratic Convention rejects the gain of political capital through the manipulation of the population's nationalistic feelings, through the deliberate propagation of suspicion and rivalry in interethnic relations. Romania's prestige cannot be gained through nationalistic, chauvinistic, demagogic, or patriotic actions, but only through the assertion of self-esteem, the only value capable of showing the real measure of the Romanian people.

### 4. ROMANIA'S TERRITORIAL REUNIFICATION

Because the Ribbentrop-Molotov Pact was an abusive and illegal action from the start, followed by aggression against Romania's territorial integrity, and keeping in mind the historical conditions resulting from the extended Soviet occupation of land that rightfully belonged to Romania, the

Democratic Convention considers that the matter of reuniting Romania's territory must be discussed only within the framework of the Final Document of the Helsinki CSCE and by the Paris Charter, so that changes in any borders cannot be imposed from the outside, but must result solely from treaties and agreements made between the sovereign states involved.

The Democratic Convention considers that Romania must maintain privileged relations with the Republic of Moldova,

in the spirit of the national ideal of reintegrating the territories seized by the USSR beginning in 1940.

A powerful state, a prosperous society, a generous nation, a reintegrated country: THIS IS THE ROMANIA WE WANT. So help us God!

The Democratic Convention of Romania

Bucharest, August 1992

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